

New Zealand Gazette

OF THURSDAY, 24 SEPTEMBER 1998

WELLINGTON: FRIDAY, 25 SEPTEMBER 1998 — ISSUE NO. 159

WESTPOWER LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

FORM 5

Reg. 26 (2)

**CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES,
AND STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANSPOWER**

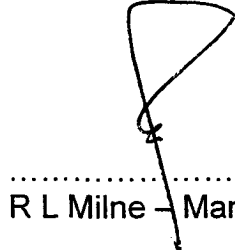
We, **Messrs Richard Snowden Cornelius and Robert Leonard Milne**, Directors of Westpower Limited certify that, having made all reasonable enquiry, to the best of our knowledge:-

- (a) The attached audited financial statements of Westpower Limited, prepared for the purposes of Regulation 6 of the Electricity (Information Disclosure) Regulations 1994, give a true and fair view of the matters to which they relate and comply with the requirements of those regulations; and
- (b) The attached information, being financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Westpower Limited, and having been prepared for the purposes of Regulations 13, 14, 15 and 16 of the Electricity (Information Disclosure) Regulations 1994, comply with the requirements of the Electricity (Information Disclosure) Regulations 1994.

The valuations on which those financial performance measures are based are as at 31 March 1998.



.....
R S Cornelius – Director



.....
R L Milne – Managing Director

31 AUGUST 1998
.....



Audit New Zealand

CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS

I have examined the attached financial statements prepared by Westpower Limited and dated 31 August 1998 for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

I hereby certify that, having made all reasonable enquiry, to the best of my knowledge, those financial statements give a true and fair view of the matters to which they relate and have been prepared in accordance with the requirements of the Electricity (Information Disclosure) Regulations 1994.

A handwritten signature in black ink, appearing to read 'D Menon'. The signature is written in a cursive style with a horizontal line underneath the name.

D Menon
Audit New Zealand
On behalf of the Controller and Auditor-General
31 August 1998

WESTPOWER LIMITED

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 1998

Westpower Limited is a line owner in accordance with the Electricity (Information Disclosure) Regulations 1994. Regulation 6 requires the line owner to prepare financial statements for the follow businesses:

- . Lines
- . Generation
- . Other

These financial statements have been prepared in accordance with the requirements of the Electricity (Information Disclosure) Regulations 1994.

The measurement base adopted is that of historical cost except for the revaluation of some fixed assets.

(a) **Fixed Assets and Depreciation**

The Distribution System has been revalued to Optimised Deprival Value at 31 March 1998. The revaluation has been performed based on the methodology used by Ernst and Young, Registered Valuer as at 31 March 1996. Additions made subsequent to the revaluation are valued at cost and not depreciated except for the assets owned by the subsidiary Haast Electricity Limited on which depreciation is charged.

The Generation System has been revalued to net current value by Ernst and Young, Registered Valuer at 31 March 1996. Additions made subsequent to the revaluation are valued at cost and depreciated at the rates shown in the Accounting Policies.

Leasehold land is valued at the lessee's interest in the Government Valuation as at 1 September 1997.

All other fixed assets are valued at cost less accumulated depreciation where applicable.

- (i) **Distribution Assets** (excluding Haast Electricity Limited) are being accounted for using renewal accounting.

The distribution assets of Haast Electricity Limited are depreciated at the following rate which writes off the cost of the assets over their expected economic lives.

Distribution System

2.5%CP

- (ii) **Other Assets** as listed below are depreciated using rates which write off the cost or valuation of the fixed assets over their expected economic lives as below:

Buildings	1.0% to 4% CP
Motor Vehicles	18.0 to 31.2% DV
Plant and equipment	10% to 50% DV
Furniture and fittings including computers	20% to 48% DV
Dams, headworks, penstocks etc.	2.0% to 2.5% CP

(b) **Taxation**

The taxation charge against the profit for the year is the estimated liability in respect of that profit and is calculated after allowance for permanent differences and timing differences not expected to reverse in future periods. This is the partial basis for the calculation of deferred taxation.

The Company follows the liability method of accounting for deferred taxation. Future taxation benefits attributable to losses carried forward or timing differences are recognised in the financial statements only where there is virtual certainty of realisation.

(c) **Allocation Methodology**

The Electricity Disclosure Guidelines (June 1994) have been followed with the exceptions stated in the Regulation 19 Disclosure.

(d) **Provision for Retiring Gratuities**

The provision for Retiring Gratuities has been calculated on an actuarial basis. This actuarial valuation was conducted by Aon Consulting New Zealand Limited, Actuaries as at 31 March 1998.

(e) **Changes in Accounting Policies**

The Special Discount allocated to Other Businesses in previous years has been charged to the Generation Business this year (1998 \$438,099, 1997 \$428,629).

All other accounting policies have been applied on a consistent basis with previous years.

WESTPOWER LIMITED

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 1998

Note

	LINES BUSINESS		GENERATION BUSINESS		OTHER BUSINESSES	
	1998	1997	1998	1997	1998	1997
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Total Revenue	11,903	11,414	5,189	5,229	14,738	12,494
Less Special Discount	562	571	438	0	0	429
	<u>11,341</u>	<u>10,843</u>	<u>4,751</u>	<u>5,229</u>	<u>14,738</u>	<u>12,065</u>
Less Expenses:						
Maintenance and Operations	6,915	7,195	1,047	971	14,064	10,986
Administration and General Expenses	2,002	2,566	2,216	2,615	936	855
Total Expenses	8,917	9,761	3,263	3,586	15,000	11,841
Net Surplus Before Income Tax	2,424	1,082	1,488	1,643	(262)	224
Income Tax	1 314	(182)	524	3	(79)	62
Net Surplus after Income Tax	<u>2,110</u>	<u>1,264</u>	<u>964</u>	<u>1,640</u>	<u>(183)</u>	<u>162</u>

The accompanying notes form part of and are to be read in conjunction with these financial statements.

WESTPOWER LIMITED

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 1998

Note

	Note	LINES BUSINESS		GENERATION BUSINESS		OTHER BUSINESSES	
		1998	1997	1998	1997	1998	1997
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
TOTAL EQUITY	3	31,412	29,373	30,457	29,525	2,386	2,563
CURRENT ASSETS:							
Bank & Cash		(1,733)	(2,243)	4,064	3,790	(589)	272
Debtors		790	656	41	14	1,314	1,810
Income Tax Refund Due		(67)	167	(41)	253	7	34
Inventories - Reticulation		0	610	0	0	485	0
- Appliance Sales & Servicing		0	0	0	0	0	43
		(1,010)	(810)	4,064	4,057	1,217	2,159
NON-CURRENT ASSETS:							
Investments		94	85	140	128	190	293
Fixed Assets	2	37,912	37,295	39,360	40,271	2,268	1,388
		38,006	37,380	39,500	40,399	2,458	1,681
TOTAL ASSETS		36,996	36,570	43,564	44,456	3,675	3,840
CURRENT LIABILITIES:							
Creditors, Accruals & Consumer Deposits		1,177	1,783	316	368	973	1,047
		1,177	1,783	316	368	973	1,047
NON-CURRENT LIABILITIES:							
Borrowings		4,265	5,027	12,749	14,508	0	0
Provision for Retiring Gratuities		142	387	42	55	316	230
		4,407	5,414	12,791	14,563	316	230
TOTAL LIABILITIES		5,584	7,197	13,107	14,931	1,289	1,277
NET ASSETS		31,412	29,373	30,457	29,525	2,386	2,563

The accompanying notes form part of and are to be read in conjunction with these financial statements.

WESTPOWER LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1. INCOME TAX

	Lines Business		Generation Business		Other Businesses	
	1998	1997	1998	1997	1998	1997
	\$ '000		\$ '000		\$ '000	
INCOME TAX EXPENSE						
Net Surplus before Income Tax	2,424	1,082	1,488	1,643	(262)	224
Taxation thereon at 33%	800	357	491	542	(87)	74
Tax effect of permanent differences	(34)	14	12	(1)	10	(12)
Taxation adjustment previous year	(23)	69	(122)	(638)	17	5
Timing differences not recognised	(429)	(622)	143	100	(19)	(5)
Income Tax attributable to Operating Surplus	314	(182)	524	3	(79)	62
Comprising						
Current Tax Provision	337	(251)	646	641	(96)	57
Over provision in prior year	(23)	69	(122)	(638)	17	5
	314	(182)	524	3	(79)	62

NOTE 2. FIXED ASSETS

Cost/Valuation						
Distribution System	36,598	34,749	0	0	0	0
Land	132	129	0	0	53	53
Buildings	1,032	994	2,994	2,986	1,018	1,018
Generation Plant & Equipment	0	0	38,391	38,262	0	0
Other	705	3,100	196	174	2,007	1,071
Total Cost/Valuation	38,467	38,972	41,581	41,422	3,078	2,142
Accumulated Depreciation						
Distribution System	65	33	0	0	0	0
Land	0	0	0	0	0	0
Buildings	124	115	63	62	141	132
Generation Plant & Equipment	0	0	2,017	966	0	0
Other	366	1,529	141	123	669	622
Total Accumulated Depreciation	555	1,677	2,221	1,151	810	754
Net Book Value						
Distribution System	36,533	34,716	0	0	0	0
Land	132	129	0	0	53	53
Buildings	908	879	2,931	2,924	877	886
Generation Plant & Equipment	0	0	36,374	37,296	0	0
Other	339	1,571	55	51	1,338	449
Total Net Book Value	37,912	37,295	39,360	40,271	2,268	1,388

NOTE 3. EQUITY

Share Capital (issued & fully paid)						
- 25,000,000 ordinary shares	17,431	17,431	4,832	4,832	2,737	2,737
- 300,000 7.25% Redeemable Preference Shares	209	209	58	58	33	33
Capital Reserve	22	22	8	8	71	71
Transition Reserve	293	293	80	80	45	45
Asset Revaluation Reserve:						
- Generation	0	0	20,091	20,091	0	0
- Distribution	6,425	6,425	0	0	0	0
- Others	0	0	0	0	19	19
Asset Maintenance Reserve	65	33	0	0	0	0
Disaster Fund Reserve	0	0	155	85	0	0
Retained Earnings	6,967	4,960	5,233	4,371	(519)	(342)
	31,412	29,373	30,457	29,525	2,386	2,563



Audit New Zealand

CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

I have examined the attached information, being -

- (a) Financial performance measures specified in clause 1 of Part II of the First Schedule to the Electricity (Information Disclosure) Regulations 1994; and
- (b) Financial components of the efficiency performance measures specified in clause 2 of Part II of that Schedule, -

and having been prepared by Westpower Limited and dated 31 August 1998 for the purposes of regulation 13 of those regulations.

I certify that, having made all reasonable enquiry, to the best of my knowledge, that information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1994.

D Menon
Audit New Zealand
On behalf of the Controller and Auditor-General
31 August 1998

**CERTIFICATION BY AUDITOR IN RELATION TO ODV VALUATION**

I have examined the valuation report prepared by Ernst & Young and dated 31 March 1996.

I hereby certify that, having made all reasonable enquiry, to the best of my knowledge, the valuations contained in the report have been made in accordance with the second edition of the ODV Handbook.



D Menon
Audit New Zealand
On behalf of the Controller and Auditor-General
31 August 1998

WESTPOWER LIMITED**REGULATIONS 13 & 14
FIRST SCHEDULE PART II****LINES BUSINESS FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES**

		For Year Ended 31 March 1998	For Year Ended 31 March 1997	For Year Ended 31 March 1996	For Year Ended 31 March 1995
1. Financial performance measures					
(a) Accounting return on total assets	=	8.54%	4.90%	7.28%	8.25%
(b) Accounting return on equity	=	6.94%	4.39%	5.16%	6.74%
(c) Accounting rate of profit	=	7.77%	4.32%	19.89%	6.71%

EBIT - cash tax - interest tax shield + revaluations	=	2,735	1,491	5,872	1,818
Average total funds employed - half revaluations		35,214	34,509	29,523	27,073
EBIT		3,007	1,692	2,296	2,234
Cash Tax		(80)	0	(228)	(220)
Interest tax shield - Net interest expense @ tax rate 33%		(193)	(201)	(242)	(197)
Revaluations		0	0	4,046	0
		2,735	1,491	5,872	1,818
Average total funds employed		35,214	34,509	31,546	27,073

2. Efficiency performance measures

(a) Direct line costs per kilometre *	=	\$2,160.67	\$2,739.46	\$2,163.77	\$2,052.93
(b) Indirect line costs per electricity customer	=	\$112.07	\$156.54	\$126.26	\$134.70

* 1995 figure has been restated to adjust for the removal of services and lines owned by generator

The Optimised Deprival Value of Westpower Limited's Line Business Network Assets as at 31 March 1996 was \$32.671 million.

WESTPOWER LIMITED
SYSTEM ENERGY DELIVERY EFFICIENCY

Disclosure by line owners of energy delivery efficiency performance measures and statistics
as required by Regulation 15 of the Electricity (Information Disclosure) Regulations 1994

	Year ended 31-Mar-98	Year ended 31-Mar-97	Year ended 31-Mar-96	Year ended 31-Mar-95
Part III of the first schedule				
1. Energy delivery efficiency performance measures:				
(a) Load Factor	66%	66%	67%	64%
(b) Loss Ratio	7%	7%	7%	9%
(c) Capacity utilisation	37%	39%	40%	40%
2. Statistics:				
(a) System length (km)				
66kV (Part of WestPower Generation)	47	24	24	24
33kV	73	10	13	56
33kV (Leased from TransPower)	76	76	76	
33kV (Part of WestPower Generation)	14	14	14	
33/11kV	78	62	61	52
11kV	1,294	1,281	1,304	1,391
11/11kV	19	35	34	16
11kV/400V	52	52	49	25
400V	142	113	113	341
33kV/11kV/400V	6	6	5	
11kV/11kV/400V	1	1	1	
Total	1,802	1,674	1,695	1,905
(b) Circuit length - Overhead (km)				
66kV (Part of WestPower Generation)	47	24	24	24
33kV	158	78	79	108
33kV (Leased from TransPower)	76	76	76	
33kV (Part of WestPower Generation)	14	14	14	
11kV	1,440	1,508	1,461	1,471
400V	142	113	109	250
Total	1,877	1,813	1,763	1,852
(c) Circuit length - Underground (km)				
33kV	0	0	0	0
11kV	27	28	27	28
400V	59	59	59	117
Total	86	87	87	145
(d) Westpower Transformer capacity (kVA)				
District (zone) substations:	71,000	71,000	71,000	66,000
Distribution substations:	93,927	93,925	88,319	84,956
Total substations:	164,927	164,925	159,319	150,956
(e) Maximum Demand				
Date	17-Nov-97	02-Aug-96	7-Sep-1995	23-Jun-94
Half hour ending	17:30	09:00	10:00	18:00
System Maximum (kW)	34,989	36,683	35,141	34,073
(f) Total electricity supplied from the system (kWh)	188,888,451	195,620,912	192,326,559	173,715,678
(g) Electricity conveyed on behalf of other retailers (kWh)	0	14,760,252	10,478,172	1,454,152
(h) Total customers:	11,358	11,373	11,355	11,350

WESTPOWER LIMITED SYSTEM RELIABILITY

Disclosure by line owners of reliability performance measures
as required by Regulation 16 of the Electricity (Information Disclosure) Regulations 1994

Part IV 1. of the first schedule

Total number of interruptions,
together with a breakdown of that total according
to interruption class

	Year ended 31-Mar-98	Year ended 31-Mar-97	Year ended 31-Mar-96	Year ended 31-Mar-95
Class A - Planned interruptions caused by Trans Power	3	1	0	0
Class B - Planned interruptions by Westpower	126	88	71	98
Class C - Unplanned interruptions by Westpower	91	89	135	220
Class D - Unplanned interruptions caused by Trans Power	4	5	6	10
Class E - Unplanned interruptions caused by ECNZ generation	0	0	0	0
Class F - Unplanned interruptions caused by Westpower generation	1	0	10	8
Class G - Other interruptions (Planned Westpower generation)	1	0	0	0
Total interruptions	226	183	222	336

Part IV 2. of the first schedule

The total number of faults per 100 circuit kilometres of prescribed voltage electric line
(Voltage equal to or greater than 3.3 kilovolts)

Total faults per 100 km	5.67	10.71	8.50	12.50
-------------------------	------	-------	------	-------

Part IV 3. of the first schedule

Total number of faults per 100 kilometres of underground prescribed voltage electric line

Nominal Line
Voltage

66kv / 50kv	0.00	0.00	0.00	0.00
33kV	0.00	0.00	0.00	0.00
11kV	0.00	3.53	18.20	17.70
Total faults per 100 km	0.00	3.49	18.00	17.50

Part IV 4. of the first schedule

Total number of faults per 100 kilometres of overhead prescribed voltage electric line

66kv / 50kv	12.67	21.04	25.21	16.83
33kV	6.42	3.17	7.09	8.37
11kV	5.35	11.39	8.21	12.65
Total faults per 100 km	5.67	10.70	8.34	12.42

Part IV 5. of the first schedule

The SAIDI for the total number of interruptions	384.22	435.90	835.42	646.7
---	--------	--------	--------	-------

WESTPOWER LIMITED SYSTEM RELIABILITY

Disclosure by line owners of reliability performance measures
as required by Regulation 16 of the Electricity (Information Disclosure) Regulations 1994

Part IV 6. of the first schedule

The SAIDI for the total number of interruptions within each
interruption class

Year ended Year ended Year ended Year ended
31-Mar-98 31-Mar-97 31-Mar-96 31-Mar-95

	13.13	0.10	0.00	0.00
Class A - Planned interruptions caused by Trans Power	211.48	158.90	287.20	256.11
Class B - Planned interruptions by Westpower	133.29	240.20	384.06	243.80
Class C - Unplanned interruptions by Westpower	25.19	36.70	135.74	137.46
Class D - Unplanned interruptions caused by Trans Power	0.00	0.00	0.00	0.00
Class E - Unplanned interruptions caused by ECNZ generation	1.07	0.00	28.43	9.33
Class F - Unplanned interruptions caused by Westpower generation	0.07	0.00	0.00	0.00
Class G - Other interruptions (Planned Westpower generation)				

Part IV 7. of the first schedule

The SAIFI for the total number of interruptions

	4.05	3.38	5.60	6.37
--	------	------	------	------

Part IV 8. of the first schedule

The SAIFI for the total number of interruptions within each interruption class

Class A - Planned interruptions caused by Trans Power	0.10	0.00	0.00	0.00
Class B - Planned interruptions by Westpower	0.96	0.68	1.06	1.10
Class C - Unplanned interruptions by Westpower	1.99	1.84	2.39	2.07
Class D - Unplanned interruptions caused by Trans Power	0.97	0.86	1.96	3.07
Class E - Unplanned interruptions caused by ECNZ generation	0.00	0.00	0.00	0.00
Class F - Unplanned interruptions caused by Westpower generation	0.03	0.00	0.19	0.13
Class G - Other interruptions (Planned Westpower generation)	0.00	0.00	0.00	0.00

Part IV 9. of the first schedule

The CAIDI for the total number of interruptions

	94.87	129.09	149.28	101.6
--	-------	--------	--------	-------

Part IV 10. of the first schedule

The CAIDI for the total number of interruptions within each interruption class

Class A - Planned interruptions caused by Trans Power	130.25	40.00	—	—
Class B - Planned interruptions by Westpower	220.82	235.27	272.08	233.60
Class C - Unplanned interruptions by Westpower	66.85	130.35	160.59	117.60
Class D - Unplanned interruptions caused by Trans Power	26.03	42.67	69.28	44.81
Class E - Unplanned interruptions caused by ECNZ generation	—	—	—	—
Class F - Unplanned interruptions caused by Westpower generation	35.67	0.00	149.85	72.94
Class G - Other interruptions (Planned Westpower generation)	—	—	—	—

The calculations above include an estimation of 40 DDO fuses replaced during faults after lightning storms

